

Message Text

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ORIGIN EUR-25

INFO OCT-01 ADP-00 EB-11 DODE-00 TRSE-00 CIAE-00 PM-09

INR-09 L-03 NSAE-00 PA-03 RSC-01 PRS-01 GAC-01

USIA-12 MBFR-03 SAJ-01 OMB-01 SS-14 NSC-10 (ADP) R

DRAFTED BY EUR/ CE: JCNELSON: EDD

03/22/73 EXT. 22155

APPROVED BY EUR: GSSPRINGSTEEN

EUR/ CE: JSSUTTERLIN

EB/ IFD/ OMA: JCHEATHAM

EUR/ RPM: WROMINE

DOD/ ISA: COL F ACKERSON

TREASURY: RBEAN

DOD/ OSD/ COMP: DJHESSLER

----- 129013

R 222226 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY BONN

INFO USMISSION NATO

USCINCEUR

UNCLAS STATE 053212

E. O. 11652: N/ A

TAGS: EFIN, GW

SUBJECT: FRG REQUEST FOR INFO ON STATIONING COSTS.

REF: BONN 3022 AND BONN 4030.

FOLLOWING MAY BE GIVEN TO MINISTRY OF FINANCE IN RESPONSE
TO RECENT REQUEST FOR INFORMATION ON COSTS OF STATIONING
U. S. FORCES IN GERMANY IN 1971 AND 1972: (BEGIN STATE-
MENT): THE USG LOOKS AT TROOP STATIONING COSTS FROM TWO
PRINCIPAL POINTS OF VIEW -- BUDGETARY COSTS AND BOP COSTS.

I. BUDGETARY COSTS IN NATO EUROPE AND GERMANY:

ONE MEASURE OF THE COST TO THE U. S. OF ITS FORCES IN
EUROPE IS THE TOTAL ANNUAL COST FOR THE GENERAL PURPOSE
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FORCES CONSTITUTING ITS FORMAL COMMITMENT TO THE NATO ALLIANCE. FOR THOSE FORCES STATIONED IN EUROPE, THOSE BASED IN THE U- S. READY FOR EARLY DEPLOYMENT TO EUROPE, AND THE SUPPORT COSTS ASSOCIATED WITH THESE FORCES, THE DOD HAS ESTIMATED THAT DURING 1971 AND 1972 TOTAL COSTS WERE APPROXIMATELY \$14 BILLION ANNUALLY.

ABOUT \$7 BILLION OF THE \$14 BILLION WAS RELATED TO THE COST OF U. S. COMBAT FORCES ACTUALLY IN EUROPE AND THEIR U. S.- BASED SUPPORT -- I. E., THE COST OF NEW EQUIPMENT, AND A PROPORTIONATE SHARE OF U. S.- BASED TRAINING AND LOGISTICS SUPPORT. WE REGARD THIS FIGURE AS MOST ACCU-

RATELY REPRESENTING THE BUDGETARY COST OF OUR FORCES IN THE EUROPEAN AREA. THERE IS NO BREAKDOWN OF THIS FIGURE TO PROVIDE THE BUDGETARY COST OF FORCES IN THE FRG.

II. BALANCE OF PAYMENTS COSTS FOR NATO EUROPE AND GERMANY:

IN ADDITION TO LOOKING AT OUR EXPENSES IN BUDGETARY TERMS, WE ALSO CONSIDER BALANCE OF PAYMENTS COSTS. INCLUDED IN THIS CALCULATION ARE BOTH OFFICIAL EXPENDITURES COVERING ITEMS SUCH AS SALARIES OF LOCAL EMPLOYEES, LOCAL PROCUREMENT, ETC., AND PERSONAL SPENDING ON THE LOCAL ECONOMY BY MEMBERS OF OUR FORCES AND THEIR DEPENDENTS. THE BOP COST FOR NATO EUROPE IN FY 1972 WAS \$2.137 BILLION AND FOR FY 1971 IT WAS \$1.815 BILLION.

U. S. DEFENSE EXPENDITURES ENTERING THE INTERNATIONAL BALANCE OF PAYMENTS IN GERMANY AMOUNTED TO \$1.388 BILLION IN FY 1972 AND \$1.176 BILLION IN FY 1971. THE TOTALS ARE BROKEN DOWN AS FOLLOWS IN \$ MILLIONS :

	FY 1971	FY 1972
SALARIES FOR FOREIGN NATIONALS	\$258.0	\$328.9
MAJOR EQUIPMENT	8.7	6.2
CONSTRUCTION	47.7	45.9
NATO INFRASTRUCTURE	5.0	5.2
POL	13.5	19.8
MATERIALS AND SUPPLIES	46.0	48.9
SERVICES	166.5	223.9

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OTHER PAYMENTS	40.0	50.4
PERSONAL SPENDING	590.6	659.0

(END STATEMENT) ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE053212
Document Source: CORE
Document Unique ID: 00
Drafter: JCNELSON: EDD
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730336/aaaaiexy.tel
Line Count: 123
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 BONN 3022, 73 BONN 4030
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by cunninfx>; APPROVED <27-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971222
Subject: FRG REQUEST FOR INFO ON STATIONING COSTS.
TAGS: EFIN, GW
To: BONN
NATO
USCINCEUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005